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FISCAL IMPACT STATEMENT

LS 7507

BILL NUMBER: SB 1

NOTE PREPARED: May 16, 2011

BILL AMENDED: Apr 19, 2011

SUBJECT: Teacher Evaluations and Licensing.

FIRST AUTHOR: Sen. Kruse

FIRST SPONSOR: Rep. Behning

BILL STATUS: Enrolled

**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State & Local

Summary of Legislation: *Advisory Board:* This bill eliminates the advisory board of the Division of Professional Standards of the Department of Education (DOE). It repeals references to the advisory board and the existing staff performance evaluation provisions, and makes corresponding changes to related sections.

License Revocation: The bill requires the Department of Education to revoke the license of a licensed school employee if the employee is convicted in another state or under federal statutes of an offense that is comparable to the felonies for which the employee's license would be revoked if committed in Indiana.

Performance Evaluation: The bill establishes an annual staff performance evaluation that categorizes teachers as highly effective, effective, improvement necessary, or ineffective. It specifies that a teacher rated ineffective or improvement necessary may not receive a raise or increment for the following year. It provides that a student may not be instructed two years in a row by two different teachers who have been rated as ineffective in the year preceding the student's placement in that class if avoidable.

Cancellation of Teacher Contracts: The bill changes the process concerning how teacher contracts are canceled. It requires notice of cancellation of a teacher's contract not earlier than May 1 and not later than July 1.

Salary Schedule: The bill allows school corporations to consider additional content area degrees and credit hours in a salary scale. It specifies that current teacher salaries cannot be reduced due to a new salary scale adopted to meet the requirements of this act.

Supplemental Services Contracts: The bill modifies language concerning supplemental services contracts to allow administrators to select and pay summer school teachers.

Operational Efficiency Reviews: The bill provides for the Department of Education to develop a program to provide training and evaluations for school corporations in operational efficiency.

School Attendance: The bill defines "attend" for purposes of the compulsory school attendance law. It indicates that attendance is excused only if it is in accordance with the governing body's excused absence policy. It specifies additional methods for the service of a notice of violation to a parent. The bill also requires a superintendent or attendance officer to report a habitually absent child to the juvenile court or the Department of Child Services.

Effective Date: Upon passage; July 1, 2011.

Explanation of State Expenditures: Summary: (1) *Advisory Board, Adoption of Textbooks:* These provisions should have no fiscal impact.

(2) *License Revocation:* The DOE should be able to implement this provision within existing resources.

(3) *Performance Evaluation, Salary Schedule:* The bill's requirements could represent an additional workload and/or expenditure on the DOE and the State Board of Education. This bill does not appropriate any additional resources to accomplish these tasks. In 2010, Indiana received a \$32.7 M grant from the U.S. Department of Education to implement the System for Teacher and Student Advancement (TAP) performance evaluation system in 46 schools in 11 school corporations (See *Background - Performance Evaluation Models* in *Explanation of Local Expenditures*). If this grant is sufficient to meet the requirements of this bill, no additional state funds would have to be appropriated. Ultimately, though, the source of funds and resources required to satisfy the requirements of this bill would depend on legislative and administrative actions.

(4) *Transition to Teaching Program:* This bill would probably increase the number of institutions offering a Transition to Teaching program. The number of individuals applying to currently accredited programs would probably decrease.

(5) *Operational Efficiency Reviews:* If the Department decides to contract with an outside entity to provide training, it may have to assume the cost of the contract that would be negotiated between the Department and the outside entity. At least one school district has so far partnered with a corporate entity that provides training and assistance at no cost (see *Operational Efficiency Reviews* in *Explanation of Local Expenditures*). If the savings generated offset the cost of the contract, the long-term impact could be positive.

(6) *School Attendance:* This could lead to an increase in the workload of Child Protective Services and an increase in number of truancy cases prosecuted in juvenile courts. The amount of the increase is indeterminable at this time.

Advisory Board: Under current law, the advisory board of the Division of Professional Standards advises the Superintendent of Public Education, the State Board of Education, DOE, and the Division of Professional Standards on matters concerning teacher education, licensing, and professional development. This bill would eliminate the advisory board and transfer its mandate to the State Board of Education.

License Revocation: Current law requires that the DOE, after due deliberation, permanently revoke the license

of an employee who has been convicted of a felony as outlined in the law (e.g., kidnaping of minors, sexual misconduct, dealing in drugs). This bill extends the mandate to permanently revoke an employee's license to include conviction of a federal offense or an offense in another state that is comparable to a felony in Indiana that would result in license revocation. The bill also adds homicide to the list of offenses for which an employee's license would be revoked.

Performance Evaluation: Before January 31, 2012, the State Board of Education has to adopt rules that establish the criteria that define each performance category, the measures that define student performance, the standards that define what actions constitute a negative impact on student performance, and an acceptable set of standards for training evaluators.

The bill directs the Board to collaborate with the DOE to develop a model plan and release it to school corporations. Additionally, the bill directs the Board and the Department to ensure the availability of ongoing training for evaluators on how to properly conduct an evaluation.

The DOE is to report the results of the evaluations to the Board in the following categories: the number of certified teachers in each performance category in each school and each school corporation, and the number of graduates of each teacher preparation program in each performance category. The Department also has to publish the results on its website.

Salary Schedule: Not later than January 31, 2012, the bill requires that the DOE publish a model salary schedule that a school corporation may adopt. The Department is authorized to review the salary schedule of a school corporation and report the results to the State Board of Education. The State Board shall take appropriate action to ensure that the salary schedule conforms to the requirements in this bill (see *Salary Schedule* in *Explanation of Local Expenditures*). Additionally, the Department has to publish the salary schedules of school corporations on its website.

Transition to Teaching (T2T) Program: Under current law, only accredited teacher training institutions may offer the Transition to Teaching program. Under this bill, this program may be offered by any entity approved by the DOE. The bill also stipulates that the course of study must include preparation in scientifically based reading instruction. The licenses that would be offered have also been revised. Under current law, individuals may obtain a license to teach kindergarten through Grade 5, and/or Grade 6 to Grade 12. Under this bill, licenses would be offered to teach kindergarten through Grade 6, and Grade 5 to Grade 12.

The bill also broadens the application criteria for individuals applying under the graduate degree or professional experience provision. Under current law, these applicants are required to have majored or have professional experience in the subject area they are applying to teach. Under this bill the applicants would also be eligible if they majored or have professional experience in a field related to the subject area.

[The T2T program trains individuals who already possess at least a bachelor's degree to be teachers. It is based on the premise that the candidate already has the content knowledge in the licensing area. Each accredited education institution in the state is required to offer or be in collaboration with other institutions to offer a T2T program. In 2009, approximately 684 individuals graduated from a T2T program.]

Operational Efficiency Reviews: The bill directs the Department to design a program to provide training and evaluation for school corporations in operational efficiency. The Department may contract with an outside entity to provide this training.

Adoption of Textbooks: Under current law, the State Textbook Advisory Committee on Education recommends

textbooks to the State Board for adoption. The State Board, in turn, recommends textbooks from the list to school corporations. At the local level there is a parallel process for textbook selection. The governing body, upon receiving the recommendations from the superintendent, chooses textbooks for the corporation from the state textbook adoption list.

Under this bill, the State Board would no longer be responsible for adopting and approving textbooks. With a few exceptions, this duty would be performed by the school superintendent and the governing body.

Explanation of State Revenues:

Explanation of Local Expenditures: *Summary:* (1) Supplemental Service Teachers: The fiscal impact would depend on local action. The bill gives superintendents added flexibility in the hiring of teachers.

(2) *Performance Evaluation:* The fiscal impact would depend on local action. Implementing a performance evaluation would entail some costs. Two plans were surveyed for this analysis (see *Background - Performance Evaluation Models*). One reported costs of \$250 to \$400 per student; the other reported a minimum cost of \$4,000 to \$7,000 per teacher served. Both of these plans are based on the master teacher concept whereby a proven teacher acts as a mentor to other teachers and continually evaluates their performance. Other costs which may arise include travel, training, and administrative costs.

(3) *Attendance Officers:* This gives the school superintendent greater flexibility in managing and allocating available personnel. In some cases, someone other than a teacher (e.g., a social worker) might be more appropriate to resolve the issue at hand.

(4) *Classification of Teachers, Cancellation of Teacher Contracts:* The fiscal impact would be negligible.

(5) *Salary Schedule:* The fiscal impact to individual schools is indeterminable. However, individual teachers may be adversely or positively impacted by this provision.

(6) *Operational Efficiency Reviews:* The fiscal impact would depend on local action. At a minimum, this may enable corporations to identify areas where savings could be generated.

(7) *School Attendance:* The short-term fiscal impact would be negligible. However, if this provision reduces absenteeism, the long-term result could be positive.

(8) *Lawsuits:* Local school corporations would have to use nonstate funds if they were to pursue a lawsuit against the state, unless the corporation is challenging an adverse decision by a state agency, board, or commission. Approximately 93% of the school's general fund revenue comes from state appropriations. [Three school corporations did file suit against the state because of the school funding formula, but the corporations subsequently dropped the lawsuit.]

Supplemental Service Teachers: Under current law, the salary of a summer school or evening school teacher must be based on the salary schedule of a regular teacher in the school corporation. This bill authorizes a school superintendent to determine the salary of a summer school or evening school teacher. The superintendent may, but is not required to, base the salary on that for regular teachers.

Performance Evaluation: This bill repeals the current staff performance evaluation statute. Under the bill, each

school corporation, charter school including virtual charter school, school created by an inter-local agreement, special education cooperative, and joint career and technical education program has to develop or adopt a plan for annual performance evaluation for each certified employee. Under the plan, teachers would be rated as either highly effective, effective, improvement necessary, or ineffective. The plan is to be implemented beginning with the 2012-2013 school year.

This bill stipulates that the plan include an objective measure of student achievement and growth using statewide assessment results and results from locally developed assessments whenever possible, and other rigorous measures of effectiveness, including classroom observations and other performance indicators. In lieu of developing its own plan, a corporation may adopt the plan designed by the Department or one from an outside agency (such as, for example, a plan utilizing the master teacher concept, the System for Teacher and Student Advancement (TAP); or the Peer Assistance and Review Teacher Evaluation System (PAR)).

If the school corporation modifies the Department's model, or develops its own plan, the Department reserves the right to evaluate the corporation's plan. Additionally, a corporation must obtain the Department's approval of its plan in order to qualify for any grants related to performance evaluation. If the school corporation has to submit its plan to the Department, the plan must first be approved by at least 75% of the teaching staff.

The bill specifies that an employee who receives a rating of ineffective or improvement necessary is entitled to develop a remediation plan to correct any deficiencies noted in the employee's evaluation. A teacher who is rated as ineffective may request to meet with the superintendent or the superintendent's designee to discuss the rating.

Under the bill, a student would not be taught for two consecutive years by a teacher rated as ineffective. If the school corporation cannot comply with this provision, it would have to notify the student's parents.

The bill stipulates that charter schools and virtual charter schools are only required to have a performance evaluation plan in place. Like other schools governed by this bill, these schools may choose to develop their own plan, adopt one designed by the Department, or adopt one from an outside agency. However, they are not required to implement the plan according to this provision. For example, they do not have to use the assessment criteria or evaluation ratings outlined in this provision, and they may adopt a different administrative procedure for teachers who are rated as sub-standard.

Hiring Staff: Under current law, the governing body makes the hiring decisions for the school corporation. Under this bill, the governing body would still have the ultimate authority in hiring, but school superintendents and, in some cases, principals would be permitted to select the individuals to be hired. For example, superintendents would be permitted to select school principals and business managers, while superintendents and principals together would be permitted to select assistant principals. All selections would be subject to approval by the governing body. The governing body would still be responsible for hiring the school superintendent.

Attendance Officers: Under this provision, an attendance officer would not have to be a qualified teacher but can be any school employee.

Accreditation: Under current law, the State Board of Education establishes standards governing the accreditation for public schools. A school has to meet certain performance-based benchmarks (listed in the school's annual performance report) and legal standards before it can be accredited.

This bill deletes some of the legal standards (minimum time requirements for school activity, staff-student ratio requirements), and modifies the requirements of the school improvement plan to have it focus more on academic performance and improvement in student performance.

Classification of Teachers: Under current law, a teacher who has taught for five successive years and whose contract has been renewed is considered a permanent teacher; a teacher with at least two successive years of service but not yet five and is under contract for further service is considered a semi-permanent teacher.

This bill repeals the statute concerning semi-permanent teachers and rescinds the five-year time limit on becoming a permanent teacher. Instead, all current permanent and semi-permanent teachers on July 1, 2012, would be classified as established teachers under this bill.

All other teachers would be considered probationary teachers. After June 30, 2011, a probationary teacher who, in at least three years in a five-year period, receives a rating of effective or highly effective (the two highest rating categories), or a combination of the two ratings, would be eligible to become a professional teacher. In other words, an individual can become a professional teacher in a minimum of three years. A professional teacher who receives a rating of ineffective shall be considered a probationary teacher.

An established teacher, though evaluated annually, would always remain an established teacher under this bill.

Cancellation of Teacher Contracts: This bill repeals the current statute on the cancellation of teacher contracts but retains the provisions giving a school corporation the authority to immediately cancel a teacher's contract. The bill also adds poor performance evaluation ratings as a reason for possible immediate termination of a teacher's contract.

Under the bill, the contract of any teacher (established, professional, or probationary) may be cancelled immediately for any number of reasons as outlined in current law and this bill.

The contract of a probationary teacher (either a new teacher or a teacher who is currently rated as ineffective) may not be renewed if the individual receives an ineffective rating on a performance evaluation or two consecutive improvement necessary ratings, or if the individual is subject to a justifiable reduction in force. The contract of a professional or established teacher may only be discontinued via a justified reduction in force or for reasons that exist under current law (e.g., insubordination, immorality, felony conviction).

A reduction in force must be based on performance rather than seniority. Teachers subject to dismissal due to a reduction in force must be notified between May 1 and July 1. Additionally, all teachers who are to be dismissed for reasons other than a reduction in force may request a conference with the school superintendent. After meeting with the superintendent, the teacher may also request a conference with the governing body of the corporation.

The bill prohibits cancellation of contracts to be a part of the collective bargaining process and also prohibits a school employer and union representative from mutually agreeing to binding arbitration concerning teacher dismissals.

Salary Schedule: Under current law, a teacher's minimum salary must be computed based on the teacher's education, experience, and degree completed as of the first day of the teacher's service. Under this bill, a teacher's salary and salary increments would be computed based on experience to include the completion of additional degrees or credit hours in the content area, performance evaluation ratings, assignments to instructor

leadership positions such as an appointment as a performance evaluator, and the academic needs of students in the school corporation. The pertinent statutes in current law would be repealed.

The bill does not allow a school corporation to decrease the salary of any teacher below the salary the teacher was earning on or before July 1, 2012, if that decrease would be made solely to conform to the new salary scale. For example, if a teacher was awarded a salary increment because of completion of graduate hours before this bill takes effect, that salary increment would continue under this bill. Additionally, HEA 1001 (2011) extends this provision to include compensation for a degree that was started before July 1, 2011, and completed before September 2, 2014.

Each corporation would have to submit its salary schedule to the Department to be published. The bill also specifies that a teacher who was rated as ineffective or improvement necessary may be denied an increase in salary for the following year. The compensation that would have been allocated to teachers rated as ineffective or improvement necessary would be allocated to those teachers with favorable performance ratings under this bill.

Operational Efficiency Reviews: At the request of the Department, a school corporation shall provide any information the Department needs to evaluate the school corporation's current operation. [Bartholomew School Corporation has partnered with Cummins Inc, a local manufacturing company, to analyze the school corporation's operations. Cummins has provided training at no cost to the school corporation in quality control techniques.]

School Attendance: The bill directs each school corporation to design a policy outlining the conditions for excused and unexcused absences. Unlike current law, which makes reporting of a habitually absent student voluntary, this bill requires the school superintendent to report a child who is habitually absent to either the juvenile court or to the Department of Child Services.

Under current law, a parent has to be notified by certified mail or by leaving the notice at the last residence of the parent. This bill permits additional means of notifying the parents to include regular mail, leaving the copy of the notice at the last known address, and personal notification by the superintendent or the superintendent's designee.

Background: Performance Evaluation Models:

(1) The System for Teacher and Student Advancement (TAP): TAP is a teacher performance evaluation system developed by the National Institute for Excellence in Teaching. It consists of four elements: multiple career paths, ongoing applied professional growth, instructionally focused accountability, and performance-based compensation. Under this system, master and mentor teachers are chosen through a competitive, rigorous, performance-based selection process. They provide ongoing classroom-based support, training, and mentoring. TAP restructures the school schedule to meet, learn, plan, mentor, and share with other teachers.

Each teacher is evaluated individually based on how much learning growth the students in his or her classroom have achieved during the school year. All teachers are eligible for financial awards based upon the average of the scores they earn on multiple evaluations of their classroom teaching, as well as their classroom-level achievement growth and school-level achievement growth, both of which are measured using a value-added growth model.

The cost of implementing TAP is approximately \$250 to \$400 per student each year.

In 2010, Indiana received a \$32.7 M dollar grant from the U.S. Department of Education to implement the TAP system in 46 schools in 11 school corporations.

(2) The Peer Assistance and Review Teacher Evaluation System (PAR): PAR is typically established by collaboration between the school corporation and teacher unions. It has two components, one for new teachers and one for ineffective experienced teachers. In both cases, these teachers receive coaching and support from experienced master teachers. These teachers, chosen by a PAR panel consisting of representatives from the union and the school corporation, are responsible for observing and mentoring novice teachers and providing regular reports to the novice teachers on their observations, lesson planning, and teaching models. Master teachers submit a final report to the PAR panel, and based on that assessment, the panel makes a recommendation to the superintendent as to whether the teacher should be rehired, dismissed, or offered a second year of PAR.

Non-novice teachers are referred by a principal, colleague, or school-based team. The intervention consists of the master teacher and teacher involved in the intervention collaboratively developing an improvement plan to be implemented over one or two years. The master teacher provides support, feedback, and assistance for the teacher and occasionally reports back to the panel on the progress of the teacher.

The PAR panel is responsible for oversight of the program. Principals are no longer responsible for evaluating the performance of teachers who are in the program.

The cost of implementing PAR is reported to be between \$4,000 and \$7,000 per teacher served. Additionally, master teachers are usually paid a stipend ranging from \$5,000 to \$10,000. Districts may also have to hire replacements for master teachers who will be evaluating other teachers, provide training for panel members, and provide office space, etc. Some large school districts have also hired a full-time program director.

Explanation of Local Revenues:

State Agencies Affected: Department of Education; State Board of Education; Division of Professional Standards; Teacher Preparation Programs; Juvenile Courts; Department of Child Services; State Textbook Advisory Committee.

Local Agencies Affected: School Corporations; Governing Boards of School Corporations; Charter Schools; Virtual Charter Schools.

Information Sources: DOE website, <http://www.doe.in.gov/educatorlicensing/tot.html>; The System for Teacher and Student Advancement, <http://www.tapsystem.org>; A User's Guide to Peer Assistance and Review: <http://www.gse.harvard.edu/~ngt/par/resources/>; Beyond Dollars and Cents: The Costs and Benefits of Teacher Peer Assistance and Review, Papay, John P, et al, April 2009;

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